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Message Text

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11
ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 IO-10 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 /091 W
---------- 042516
R 040815Z JUN 75
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0597
INFO AMEMBASSY BONN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION OECD PARIS

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E. O. 11652: N/A
TAGS: EFIN, JA
SUBJ: JAPANESE PARTICIPATION IN IMF MEETINGS IN PARIS

PASS TREASURY AND FEDERAL RESERVE

1. ON JUNE 3 MOF OFFICIALLY ANNOUNCED THAT DUE TO TIGHT POLITICAL SCHEDULES AT HOME MINFIN OHIRA WILL BE UNABLE TO ATTEND PARIS MEETINGS JUNE 10-11 OF FINANCE MINISTERS OF G-10 AND IMF INTERIM COMMITTEE. BOJ GOV TEIICHIRO MORINAGA WILL HEAD JAPANESE DELEGATION. DUTCH FINMIN DUISENBERG HAS AGREED TO PRESIDE OVER G-10 BREAKFAST MEETING IN ABSENCE OF CHAIRMAN OHIRA.

2. ANNOUNCEMENT COMES AS NO SURPRISE AS OHIRA WAS UNABLE TO ATTEND ADB ANNUAL MEETING IN MANILA FOR SAME REASON.
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3. IN ADDITION TO MORINAGA, GOJ OFFICIALS ATTENDING WILL INCLUDE MOF VICE MIN TAROICHI YOSHIDA, DEP DIR INT FIN BUR MASAO FUJIOKA, DIR INT ORG DIV TOYOO GYOTEN, BOJ DIR GENSO FUJIMOTO, AND BOJ DEP DIR FOR DEPT TAKESHI OHTA.

4. MOF VIEWS ON SUBJECTS TO BE DISCUSSED IN PARIS TRANS-MIZED IN TOKYO 6040 (OHIRA-APEL TALKS). GYOTEN BELIEVES PRO-GRESS AT PARIS MEETINGS WILL DEPEND PRIMARILY ON U.S. AND FRANCE RECONCILING THEIR DIFFERENCES. IN MAY RESPECTS THESE DIFFERENCES NOT CONSIDERED VERY WIDE, AND MOF BELIEVES PRACTICAL SOLUTIONS AND IN OTHER CASES PROPER PHRASING (E. G. LEGALIZED FLOATING) COULD BE WORKED OUT NEXT WEEK SO THAT AGREEMENT COULD BE REACHED BY ALL.

5. BIGGEST MOF FEAR IS THAT NEW OFFICIAL GOLD PRICE WILL BE ADOPTED, EVEN DE FACTO. GYOTEN FORESEES POSSIBILITY OF COMPROMISE SOLUTION RESULTING IN SMALL RESTITUTION OF IMF GOLD HOLDINGS, WITH COUNTRIES THEN RETURNING PROFITS FOR FINANCING TRUST FUND OR "THIRD WINDOW." IN EFFECT THIS WOULD REQUIRE ADOPTION OF NEW COMMON GOLD PRICE (CLOSE TO MARKET) FOR PURPOSE OF COMPUTING GOLD "PROFITS." MOF VIEWS THIS ASMSNIMICAL TO PRINCIPLES U.S. ADVANCED IN JAN. GYOTEN SAID MOF OBJECTS TO GOLD RESTITUTION BECAUSE JAPANESE PUBLIC WOULD THEN REALIZE HOW SMALL JAPAN'S GOLD HOLDINGS WERE COMPARED WITH OTHER G-10 COUNTIRES, THEREBY REOPENING "UNPLEASANT" ISSUES FOR GOJ WITHIN JAPAN. MOF EQUALLY OBJECTS TO ANY STEP THAT WOULD APPEAR TO ESTABLISH NEW OFFICIAL GOLD PRICE. MUCH PREFERRED SOLUTION WOULD BE FOR IMF NOT TO DISTRIBUTE ITS VALUABLE ASSETS BUT, IF NECESSARY, ITSELF TO SELL SMALL AMOUNT ON MARKET AND TAKE PROFIT.

6. MOF RESIGNED TO FACT THAT PARIS MEETINGS MUST RESULT IN SOME CONCRETE MOVES TO MEET LDC NEEDS. BUDGETARY TRANSFER IS OUT OF THE QUESTION FOR GOJ. HOWEVER, GOJ WOULD PROBABLY GO ALONG WITH PROPOSAL TO USE PROFITS FROM IMF GOLD SALE. ON OTHER HAND, "THIRD WINDOW" APPROACH APPEARS TO MOF AS MERELY PROLIFERATING NEW INSTITUTIONAL ARRANGEMENTS THEREBY COMPLICATING THEIR LIMITED OFFICIAL USE

EFFICIENT OPERATION.
HODGSON

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NNN

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Disposition Date: 28 MAY 2004
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Disposition Reason:
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TAGS: EFIN, JA, IMF, (OHIRA, MASAYOSHI), (MORINAGA, TEIICHIRO)
To: STATE
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